



# **BUILDING BETTER NEIGHBORHOODS (BBN) & HOUSING REHABILITATION PROGRAM**

## **INFORMATION AND CONTACTS**

### **Greater Minnesota Housing Fund's Mission Statement (GMHF)**

- The mission of the GMHF is to support the creation and preservation of affordable housing for working families in areas of economic vitality throughout Greater Minnesota.

### **Greater Minnesota Housing Fund (GMHF) Programs**

- **Building Better Neighborhoods (BBN) Program – Construction and Acquisition-Rehabilitation Financing:**
  1. GMHF operates a \$25 million revolving interim loan fund (competitive, below-market, interest-bearing loans). Interim loan resources are available to public, private and non-profit developer partners for land acquisition, infrastructure, construction and purchase/rehabilitation of existing homes in greater Minnesota, with a high priority on the acquisition of foreclosed, blighted and vacant homes as part of comprehensive neighborhood revitalization initiatives.
  2. GMHF provides gap financing (interest-free, deferred loans) for homebuyers (not exceeding 80% statewide median income, preference given to 50% SMI). GMHF places a priority on local and regional foreclosure recovery programs that address blight, have neighborhood impact, and provide housing opportunities for low- and moderate-income families. Financing for the creation of new homes must meet Building Better Neighborhoods' program criteria. Local leverage is required. Additional funds are available to support projects with employer assistance. GMHF's maximum assistance per unit is \$15,000. GMHF deferred loans are limited to families with dependent children.
  3. GMHF also provides gap financing (interest-free, deferred loans) to facilitate the rehabilitation of affordable owner-occupied housing (not exceeding 80% statewide median income, preference given to 50% SMI). GMHF's funding priorities include substantial rehab of aging, owner-occupied single-family housing, in conjunction with a larger community revitalization effort. Local leverage is required. GMHF's maximum assistance per unit is \$15,000. GMHF housing rehabilitation funding is limited to families with dependent children.

*All projects funded by GMHF must meet Minnesota Green Communities standards. GMHF pre-approved Green Building Better Neighborhoods (BBN) home plans addressing Green housing standards and the Green Specifications for Single Family Housing Rehabilitation in Minnesota are available from Greater Minnesota Housing Fund free of charge at: [www.gmhf.com](http://www.gmhf.com)*

## **Greater Minnesota Housing Fund Income Limits**

- Greater Minnesota Housing Fund serves families with children with incomes that do not exceed 80% of statewide median income. Funding preference will be given for projects that use green building techniques and focus on closing the homeownership gap for emerging markets.

On the following pages, you will find information regarding GMHF's Building Better Neighborhoods and Housing Rehabilitation programs. If your organization requires technical assistance, please contact GMHF for assistance.

### **Program Contact:**

Andrew Schlack, (651) 221-1997, ext 106 [aschlack@gmhf.com](mailto:aschlack@gmhf.com)

Greater Minnesota Housing Fund  
332 Minnesota Street, Suite 1201E  
Saint Paul, Minnesota 55101  
Toll-free: 800-277-2258  
Fax: 651-221-1904

*For additional information on Greater Minnesota Housing Fund, you may access the website at:*

[www.gmhf.com](http://www.gmhf.com)



# Greater Minnesota Housing Fund

## Building Better Neighborhoods (BBN)

### Program Guidelines & Information

Greater Minnesota Housing Fund provides several diverse funding options including resources for acquisition and rehabilitation of vacant, foreclosed and abandoned homes, new home construction and the rehabilitation of owner-occupied single-family homes. The majority of new single-family construction funding is provided through the Building Better Neighborhoods program. To see if your project is eligible for funding consideration through the Building Better Neighborhoods program, complete the box below:

#### GMHF New Subdivision (5 or more homes) Development Check List

##### Affordability, Local Support, Marketing

- Maximum base acquisition limit of \$167,000 (\$175,000 in high cost areas)\*
- Local support (TIF, fee waivers, tax abatement, etc.)
- Families with Children and Emerging Markets targets for homeownership

##### Neighborhood Site Design Criteria

- Minnesota Green Communities Criteria:** Green Building Criteria is met.
- Lot Width:** Lot width is no more than 65' (40'-55' lot width is preferred)
- Street Width:** Neighborhood Streets are no wider than 34'.
- Driveway Width:** Maximum curbcut is 12'
- Landscaping:** Yards are fully landscaped with grass sod. At least 2 trees and 5 shrubs included with construction of home and placed in areas viewable from the street.
- Water and Sewer:** Homes are connected to city water and sewer

##### Home Design Criteria

- Garages:** Garage fronts shall be set back 5' or more from the front façade of the home. Garage does not exceed 50% of the front façade of the home.
- Home Style & Material Diversity:** Homes exteriors are finished with a variety of styles, textures and colors. The proximity of similar and identical homes are restricted by covenants.
- Windows:** Large sized windows are placed on the front and rear of homes that are appropriately styled.
- Front Doors:** Front entrances shall be visible and prominent from the front street.
- Exterior Trim:** Exterior trim detail is at least 5 inches wide on all exterior doors and windows, under eaves, between contrasting siding materials and/or colors, and along the base of the siding.
- Front Porches:** Homes shall have a front porch that is a minimum of 40 sq. ft. No single dimension is less than 4'. Porch columns are at least 10" in diameter.
- Covenants and Architectural Review Committee (ARC):** Development has approved restrictive covenants that will be recorded and include an appropriate architectural review committee that provides enforcement. (Subject to Greater Minnesota Housing Fund review). Sample covenants maybe downloaded at [www.gmhf.com](http://www.gmhf.com)

## GMHF Mission

The mission of the GMHF is to support the creation and preservation of affordable housing for working families in areas of economic vitality throughout Greater Minnesota.

## Building Better Neighborhoods Publication

The neighborhood design strategies used in the BBN program are detailed in a publication by GMHF entitled *Building Better Neighborhoods*. The publication consists of five chapters: Site Selection, Lots, Streets, Homes, and Landscape Systems. Each chapter highlights design strategies to reduce costs and add value. The book includes several case studies and home plans that are available to communities. For information on how to obtain a copy of this publication, contact GMHF at 1-800-277-2258 or 651-221-1997 or visit our website at [www.gmhf.com](http://www.gmhf.com).

## Program Goals

- Create vital, well-planned neighborhoods
  - Increase production and preservation of affordable starter homes
  - Minimize subsidies needed to create affordable homes
  - Help working families build equity
  - Reduce development costs through the most efficient use of land
  - Reduce home construction costs
  - Encourage mixed-income developments by providing a range of housing types
  - Work with local public officials to reduce regulatory barriers to affordable housing
  - Work collaboratively with communities to meet their housing needs
- Eligible Applicants  
Non-profit developers, for-profit developers, and local government agencies

## Types of Funding

- Gap Financing (0% interest, deferred loans) for homebuyers
- Interim Financing (short-term, below market interest rate) to public, private and non-profit development partners for land acquisition, infrastructure, construction and purchase and/or rehabilitation of existing homes
- Employer-matching funds

## Technical Assistance Available

In addition to the funding types above, Greater Minnesota Housing Fund can provide assistance to communities/developers with the following:

- Site selection and site design
- Public infrastructure planning
- Green home designs
- Working with the local government to modify zoning ordinances

## MINIMUM REQUIREMENTS

### I. NEIGHBORHOOD DESIGN

- a. **Site**
  - i. Proposed neighborhood shall be located near or adjacent to existing infrastructure, connected to city sewer and water, and be within a reasonable distance to neighborhood amenities, e.g. schools, parks, libraries and retail.
  - ii. Site design shall preserve and enhance existing natural amenities and shall integrate the new neighborhood development with the surrounding area.
- b. **Lot Sizes**

The lot frontage for *Building Better Neighborhoods* lots shall be within the range of 40-65 feet. Market-rate lots can be larger.
- c. **Streets**
  - i. The streets in the neighborhood shall be within the range of 18-34 feet.

- ii. The street layout shall make efficient connections with the surrounding area and be efficiently designed.
- d. **Homes**
  - Homes shall have a minimum of 2 bedrooms.
  - Homes shall minimize garage impact on streetscape (setback from the front of the home or where feasible utilizing service alleys at the rear of homes).
  - Homes shall meet mutually agreed upon design criteria.
- e. **Landscape Systems**  
Boulevard trees and individual lot landscaping shall be provided in the development package.

## II. PROJECT

- a. **Local Government** shall participate financially, providing 5-10% of the total development costs through tax increment financing or financial equivalent.
- b. **Community** shall have a demonstrated need for affordable starter homes, documented through a recent market study or housing needs assessment.
- c. Project shall be consistent with regional priorities and the area's comprehensive plan.
- d. Developer shall utilize **volume building** to maximize economies of scale (construct a minimum of 5 homes per year).
- e. **Homebuyers** of *Building Better Neighborhoods* homes must have a household income equal to or less than 80% of the statewide median income.
- f. **Families with children** must be targeted by the development.
- g. Homebuyer acquisition cost not to exceed the current **GMHF acquisition limit**. (Please note that homes will be evaluated on design, quality and size relative to price and that the funding process is highly competitive.)
- h. Once fully developed, neighborhoods shall consist of **a minimum of 18 homes**. (Project can be phased over multiple years. For in-fill/redevelopment projects the minimum requirement will be determined based on community need. Projects not meeting this minimum requirement may be funded through other GMHF programs.) Funding preference will be given for projects that use green building techniques and focus on closing the homeownership gap for emerging markets.

### Additional Project Selection Priorities

In addition to meeting the minimum requirements, projects will be given additional consideration if their final application evidences that one or more of the following will be a part of the development.

- Employer involvement through financial contributions
- Reduced fees for developer, builder, or other professional services
- Reasonably priced site based on comparable land sales in the area
- Home designs that have attractive facades and home plans that have direct connections to the front and rear yard
- Mixed-income development, providing a range of housing styles and lot widths
- Use of innovative building techniques that reduce costs or improve livability
- Inclusion of neighborhood public space to promote resident interactions



# Supplement Application

**FUNDED IN PARTNERSHIP WITH MINNESOTA HOUSING AND DEED**

**Before proceeding with this application, make sure that your project meets the threshold requirements on the CRV application. The GMHF application below is supplemental information that GMHF needs in addition to the project information collected through the Community Revitalization Fund (CRV) application.**

- I. SITE INFORMATION**—Please provide the following:
  - a. Location map—identifying the size of the site and its relationship to the city center.
  - b. Description of surrounding land uses.
  - c. Clearly identify infrastructure in place, as well as additional service needed and how it will be financed.
  - d. Attach any evidence of site control you have. If you do not have site control, identify the current ownership and the plan to acquire the property.
- II. SITE PLAN AND HOME DESIGNS**
  - a. Please attach any site planning done to date. Be sure that individual lot and setback dimensions are given. Clearly mark any planned or completed infrastructure or utility installations.
  - b. If available, attach plans and specifications of the home designs you intend to build (reduced to 8 ½" x 11").
  - c. Include any information on cost-saving materials, construction technologies, or energy-efficient construction elements that you intend to use in this development.
- III. MARKET ANALYSIS & LOCAL JOB/EMPLOYMENT GROWTH**
  - a. Describe the specific housing need you are seeking to address.
  - b. Detail why your project will address this need.
  - c. Describe recent local job growth and population growth.
  - d. If a formal market study has been done, please attach a copy.
- IV. DEVELOPMENT CAPACITY & QUALIFICATIONS** — Please identify who will fill the following roles. Include information about their experience, qualifications and technical capacity to carry out this project.
  - a. Developer
  - b. Site Planner/Architect
  - c. Builder/Contractor
  - d. Marketing Agent
  - e. Local Lender(s)
- V. OTHER INNOVATIONS**—Please describe any other creative, innovative, cost-effective or efficient components of your proposed development.



## Building Better Neighborhoods (BBN) Planning & Technical Assistance Application

In addition to providing full project funding, Greater Minnesota Housing Fund provides technical assistance to communities/developers. This assistance is for projects that are in the planning stage, not those ready for full funding. Technical Assistance requests are considered throughout the year. Assistance includes the following:

- site selection and site design
- public infrastructure planning
- home designs
- working with the local government to modify zoning ordinances

If interested in applying, please provide as much of the following information as possible and return to Greater Minnesota Housing Fund; 332 Minnesota St, 1201E; St. Paul, MN 55101

Applicant \_\_\_\_\_

Contact person, Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Name of Project: \_\_\_\_\_

Location of Project: \_\_\_\_\_

Briefly describe the technical assistance needed. e.g., subdivision planning, construction planning, financial estimating, market analysis, etc. (use separate sheet).

Who will be available to work with the specialist?

How many hours do you estimate this assistance may take?

Please provide as many of the following items as are available. Where possible, provide 2 copies of each.

- **area map** showing location of project in relation to the rest of the community
- **photos** of site and surrounding area
- **survey** (electronic version, if available)
- **any preliminary site plans** that have been developed
- **soil studies** and/or **environmental assessments**
- **recent market survey**
- **proposed home plans**
- **evidence of city support for project**
- **on-site stormwater requirements**
- **copy of the city's Planned Unit Development (PUD) ordinance**, if applicable



# Greater Minnesota Housing Fund Housing Rehabilitation Program Program Guidelines

## PROGRAM GOAL

Facilitate the rehabilitation of affordable rental and owner-occupied housing throughout Greater Minnesota.

## ELIGIBLE PROJECTS AND FUNDING PRIORITIES

- **Rehab of owner-occupied single-family housing:** Assist local organizations to help low-income households make significant improvements in the habitability, safety and energy-efficiency of their current homes.
- **Purchase/rehab of single-family housing:** Assist local organizations that make habitability, safety, and energy efficiency improvements to housing that will be purchased by low-income households after rehab. The purchase/rehab program may also be used by local organizations to make funding available to low-income homebuyers to purchase and rehabilitate their homes.

## ELIGIBLE APPLICANTS

Nonprofit and for-profit organizations. Local government agencies.

## TYPES OF ASSISTANCE

GMHF will award qualified rehabilitation projects or programs funding in the form of zero- or low-interest deferred loans, or grants on a limited basis. Maximum amount of GMHF assistance per unit is \$15,000. GMHF assistance may be layered with other funding resources.

## MINIMUM PROJECT REQUIREMENTS

- Assisted units must be restricted to households with a **gross household income** that does not exceed 80% of the statewide median income, adjusted for family size. Priority is given to projects that serve households at <50% statewide median income.
- Assisted units must receive substantial rehab addressing habitability, energy efficiency and safety repairs. The life of improvements must meet or exceed the term of the loan.
- Single-family assisted units must be occupied as the homeowner's **principal place of residence**.
- **Community** must have a demonstrated need for affordable housing, documented through a recent housing needs assessment or a market study.
- **Leveraging of additional funds** from other agencies such as local governments, state agencies, local businesses, local lenders or other funding agencies is required.
- Project must support the local community's **comprehensive plan**.

- Project must demonstrate **sound financial structuring**, e.g. rehabilitation must be determined to be more cost-effective than new construction.
- The **development team** (for projects) or **administrator** (for programs) must possess the expertise and technical capacity sufficient to complete the project in compliance of all codes and requirements of all funders, including GMHF.
- Assisted units are restricted to families with dependent children.

All **other sources of funding** must be committed prior to GMHF approval of funding.



## 2009 Income Limits<sup>1</sup> (80% of Statewide Median) Adjusted for Family Size

Family Size	Greater Minnesota Counties <sup>2</sup>	Olmsted and Dodge Counties <sup>3</sup>	Chisago, Isanti, Sherburne, Wright Counties <sup>4</sup>
1	\$ 40,900	\$ 43,700	\$47,100
2	\$ 46,800	\$ 49,900	\$53,800
3	\$ 52,600	\$ 56,100	\$60,500
4	\$ 58,400	\$ 62,300	\$67,200
5	\$ 63,100	\$ 67,300	\$72,600
6	\$ 67,800	\$ 72,300	\$78,000
7	\$ 72,500	\$ 77,300	\$83,400
8	\$ 77,100	\$ 82,300	\$88,800
9	\$ 81,800	\$ 87,300	\$94,100
10	\$ 86,500	\$ 92,300	\$99,500

These income limits are guidelines you must follow when the Greater Minnesota Housing Fund provides financing to your housing project. If you do not follow these guidelines you put funding for your development at risk, as well as potential for future funding. Projects with other additional funding sources must also comply with the income limits set by those programs.

## GMHF 2010 Single-Family Acquisition Cost Limits<sup>5</sup>

To control building costs and to encourage local participation in projects, the Greater Minnesota Housing Fund (GMHF) has developed an acquisition cost limit (ACL) for single-family homes receiving GMHF interim and/or homebuyer gap financing. To allow larger families with children adequate living space, GMHF allows a higher ACL to finish more space for those families. In addition to the standard ACL, a "high cost" limit has been created to provide greater flexibility in areas with rapidly rising development costs.

Number of Children in Household	Acquisition Cost Limit	Acquisition Cost Limit in High Cost Areas*	Minimum Space to Finish <sup>6</sup>
0 – 1 Child <sup>7</sup>	\$167,000	\$175,000	2 bedrooms, 1 bath <u>OR</u> 3 bedrooms, 1 bath
2 Children	\$173,000	\$181,000	3 bedrooms, 1 bath <u>OR</u> 2 bedrooms, 2 bath
3 Children	\$179,000	\$187,000	4 bedrooms, 1 bath <u>OR</u> 3 Bedrooms, 2 bath
4+ Children	\$185,000	\$193,000	4 bedrooms, 2 bath

\*High cost areas are Chisago, Isanti, Sherburne, and Wright counties.<sup>8</sup>

<sup>1</sup> Subject to change pending HUD 2010 update.

<sup>2</sup> Greater Minnesota limits are based on statewide median income of \$72,900.

<sup>3</sup> Olmsted and Dodge County income limits are based on Rochester MSA median income of \$77,800.

<sup>4</sup> Chisago, Isanti, Sherburne and Wright County income limits are based on Minneapolis-St. Paul MSA median income of \$83,900.

<sup>5</sup> ACLs have been held constant since 2008 given market conditions.

<sup>6</sup> In order to assist households with two or more children to qualify for the higher ACLs, the minimum finished space requirements must be followed. However, larger families are **not required** to purchase a home that meets the higher ACL guidelines (additional space finished).

<sup>7</sup> All households receiving GMHF Homebuyer Gap financing must have a dependent child as defined by the IRS. Any exceptions must be pre-approved by GMHF.

<sup>8</sup> Geographical definition of GMHF High Cost Areas is set by areas with higher FHA mortgages limits.